



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Chief Administrative Officer

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April 11, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**CHIEF ADMINISTRATIVE OFFICE RISK MANAGEMENT FISCAL YEAR 2003-04
ANNUAL REPORT**

On December 7, 2004, your Board, on a Motion by Supervisor Gloria Molina, directed the Chief Administrative Office (CAO) to provide a risk management annual report detailing the CAO's effort to manage risk in the County of Los Angeles (County). The attached *Chief Administrative Office Risk Management Annual Report, Fiscal Year Ended June 30, 2004*, fulfills your Board's directive.

The Fiscal Year (FY) 2003-04 report is the CAO's first risk management annual report. Future reports will include expanded analyses of County departments' claims and their loss control and prevention programs. This report:

- contains summaries of the fiscal year's losses and costs for the County's vehicle liability, general liability, medical malpractice, and workers' compensation exposures;
- is intended, along with reports provided throughout the year, to assist departments to recognize the nature and extent of their losses;
- facilitates departments' efforts to strengthen their Loss Control and Prevention Plans and Corrective Action Plans; and,
- introduces the first estimate of the County's Cost of Risk that compares the Countywide cost of losses and expenses to the County's operating budget.

About the Report

As reported, the County's FY 2003-04 Cost of Risk totaled \$413,713,249 or 2.53% of the County's \$16,370,651,494 operating budget. CAO risk management's initial goal is for the County's Cost of Risk to not exceed 2.50%.

On June 30, 2004, the CAO Risk Management Branch completed its second year administering the County's risk management programs. As a relatively new branch within the CAO, risk management continues to implement a final reorganization structure and has begun to implement its risk management program. The FY 2003-04 report reflects that effort.

In FY 2003-04, the County's risk management programs enjoyed a number of significant successes; for example:

- The Workers' Compensation Fraud Program resulted in four fraud convictions.
- The Workers' Compensation Program realized a \$27,585,215 expense reduction, 7.84%, from the budgeted \$352,000,000.
- The number of new workers' compensation claims decreased from 12,170 in FY 2002-03 to 11,490 in FY 2003-04, a 5.59% decrease.
- The total paid expense for vehicle liability, general liability and medical malpractice claims decreased from \$109,349,665 in FY 2002-03 to \$93,286,156 in FY 2003-04, a 14.69% decrease.
- Change in the County's loss control and prevention focus from a traditional health and safety consultive model to one focused on issues driving the County's Cost of Risk.
- Production and distribution of the first *Risk and Needs Assessment* for all County departments that includes an overview of each department's operations and exposures, safety functions, and recommendations for improving the department's Loss Control and Prevention Plan.

Should you have a question, please contact me or Rocky Armfield, County Risk Manager, at (213) 351-5346.

DEJ:SRH
RAA:mtm

Attachment

c: County Counsel

Chief Administrative Office Risk Management Annual Report

Fiscal Year Ended June 30, 2004



County of Los Angeles, California

We are proud to present the *County of Los Angeles Chief Administrative Office, Risk Management Branch Annual Report for Fiscal Year ending June 30, 2004.*

While we have plans to enhance future reports, your questions or suggestions concerning the FY 2003-04 annual report would be appreciated.

Thank you

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Risk Management Branch
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David E. Janssen
Chief Administrative Officer

Risk Management Branch



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EXECUTIVE SUMMARY

The County of Los Angeles Chief Administrative Office (CAO) is pleased to provide its risk management annual report for Fiscal Year (FY) July 1, 2003 to June 30, 2004.

The report contains summaries of the fiscal year's losses and costs for the County of Los Angeles (County) workers' compensation, general liability, vehicle liability, and medical malpractice self-insured programs. This report is intended to assist departments with the assessment of the nature and extent of departmental exposures and losses, and implement effective loss control and prevention programs to mitigate those losses.

Structure and Mission

The Chief Administrative Office Risk Management Branch (CAO/RMB) mission is:

Provide loss control and prevention, insurance and self-insurance and claims services for the County of Los Angeles to reduce or eliminate unnecessary exposures or losses.

The CAO/RMB's vision is:

To be recognized as the leader in risk management for the State of California public entities; and, to be relied upon for a Countywide risk management philosophy, standards, processes and direction.

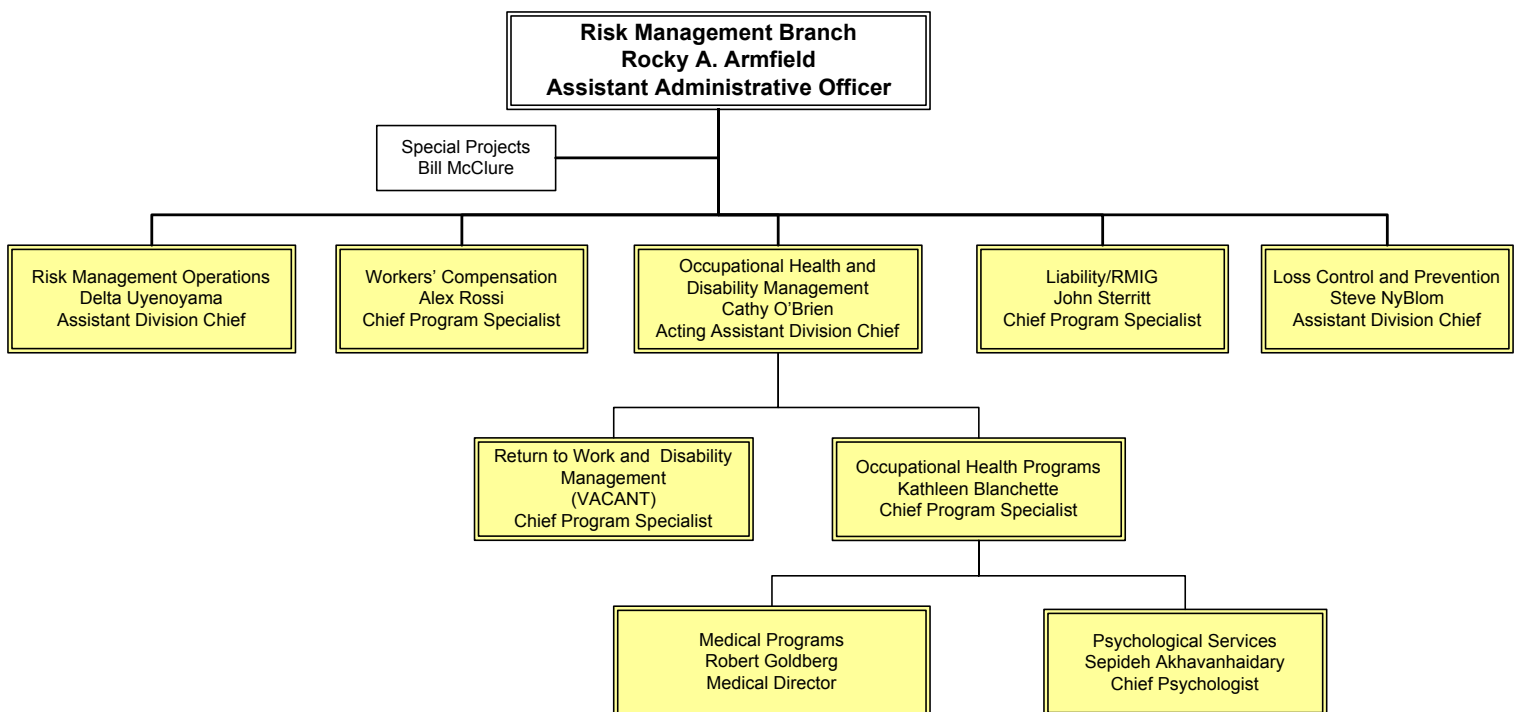
The CAO/RMB's primary risk management responsibilities include:

- Risk consulting
- Self-insurance or purchased insurance above self-insured retentions
- County of Los Angeles Workers' Compensation Trust Fund management and financing
- Contract Cities and Special Districts Liability Trust Fund oversight
- Administration and monitoring Third Party Administrators' (TPA) adjusting of tort liability claims, including: workers' compensation, vehicle liability, general liability and medical malpractice liability claims
- Loss prevention training, reporting, standards, procedures and compliance
- Loss control and industrial hygiene programs
- Contractual indemnification and insurance requirement language review

- Administration of the County's occupational health program, including employee medical and psychological programs and the Employee Assistance Program
- Administration of the County's Short-Term Disability and Long-Term Disability programs
- Administration of the County's Return to Work program

The CAO/RMB comprises six areas of operation: Workers' Compensation Claims, Liability Claims/Risk Management Inspector General, Loss Control and Prevention, Occupational Health Programs, Return to Work and Disability Management, and Risk Management Operations. Each section is presented in this report. CAO/RMB staff strives to accomplish the CAO's mission with direction from the County's Board of Supervisors, and assistance of County Departments and County Counsel. The County's Risk Manager reports to the County's Chief Administrative Officer. The CAO/RMB organization is outlined in Figure 1.

Figure 1: Risk Management Branch Organization Chart, 3-1-05



COST OF RISK

The Cost of Risk is a comparison of the County's expenditures for the County's numerous risk management programs to the County's operating budget in a specific fiscal year. The effectiveness of the County's risk management programs can be reflected in this comparison since the Cost of Risk includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expense. The County's Cost of Risk is outlined in Table 1 and the Cost of Risk as a percentage of County expenditures is illustrated in Figure 2.

Table 1: County Cost of Risk breakdown

	FY 2001-02	FY 2002-03	FY 2003-04
Claims and Premiums			
Vehicle Liability ^{1,2}	\$4,001,059	\$5,797,190	\$3,225,815
General Liability ¹	\$40,697,031	\$24,486,383	\$12,750,708
Workers' Compensation ³	\$211,075,878	\$244,411,574	\$264,746,985
Medical Malpractice ¹	\$15,230,781	\$11,575,175	\$8,874,921
Property Insurance Premiums ⁴	\$5,234,934	\$11,626,294	\$11,767,347
Other Insurance Premiums ⁴	\$3,230,477	\$4,087,017	\$3,840,135
Subtotal	\$279,470,160	\$301,983,633	\$305,205,911
Other Costs			
Legal Expenses ^{1,5}	\$43,607,861	\$48,689,693	\$50,813,421
Broker Fees ^{1,4}	\$413,135	\$900,000	\$807,884
Consulting and Management Fees ^{1,7}	\$473,993	\$459,341	\$223,559
Claims Administration Fees ^{3,7}	\$22,624,985	\$20,637,037	\$20,976,565
Administrative ^{3,8,9}	\$22,093,664	\$31,591,732	\$35,685,909
Subtotal	\$89,213,638	\$102,277,803	\$108,507,338
Total Risk Management Costs⁶	\$368,683,798	\$404,261,436	\$413,713,249
Total County Operating Expenditures	\$15,640,640,581	\$15,928,944,380	\$16,370,651,494
COST OF RISK (TOTAL COST AS PERCENTAGE OF COUNTY EXPENDITURES)	2.36%	2.54%	2.53%

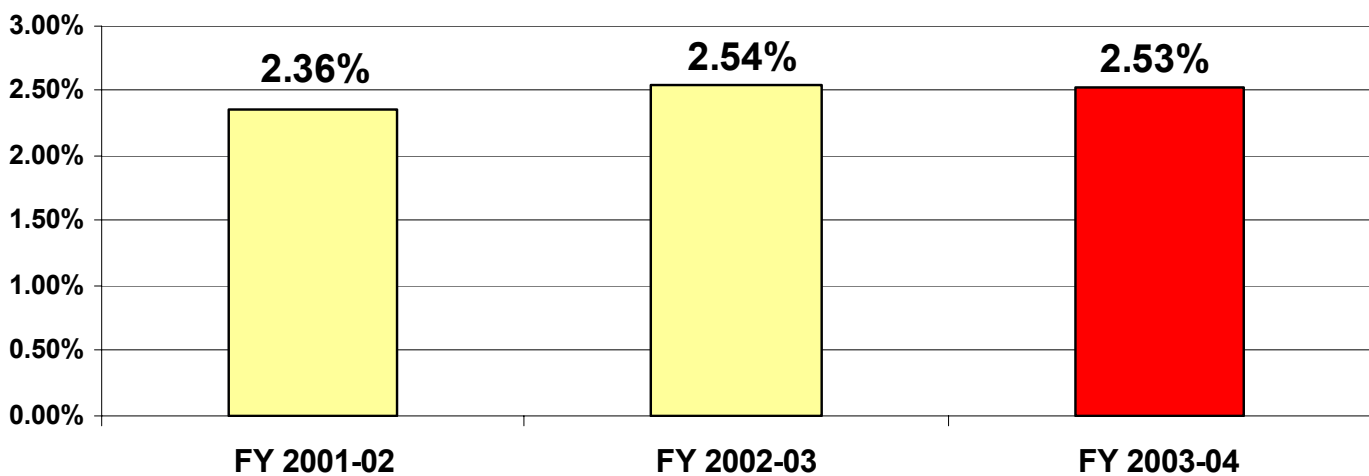
Notes:

1. Paid claims represents the amount paid for all indemnity (pay type OC) in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves. Payments include Insurance Budget and Judgment and Damages Budget. Source: RMIS and GenComp.
2. Vehicle Liability Claim cost figures do not include non-insured property loss and non-third party vehicle loss, which are directly paid by each department.
3. Does not include departmental payroll expenses for workers' compensation; Labor Code 4850 or Salary Continuation.

4. Reflects expenditures funded from only the CAO's Insurance Budget and does not include expenditures from County Counsel's Judgment and Damages Budget.
5. Legal Expenses are defined in liability files as all fees and expenses paid from the liability claim (pay type SS). Legal expenses are defined in workers' compensation as all contract and County Counsel fees (pay category 53). Legal expenses are the sum of pay type SS and pay category 53.
6. Total Cost of Risk does not include non-insured property claims and County owned vehicle claims.
7. Amount is the sum of the Insurance Budget expense for TPA adjusting services and the workers' compensation trust fund expense (WCTF) TPA adjusting services. Does not include cost for other CAO/RMB functions (i.e. Loss Control and Prevention and Occupational Health Programs).
8. Amount is the sum of administrative support cost (i.e. computer system, CAO/RMB costs) for liability program and all of the administration costs not included in legal expenses, TPA adjusting expenses and net benefit expense (i.e. investigation expenditures, computer costs); administrative workers' compensation costs are reported in the workers' compensation trust fund report.
9. Amount includes costs not billed from the Insurance Budget for CAO/RMB services for FY 2002-03 and FY 2003-04. A number of sections of CAO/RMB were part of Department of Human Resources in FY 2001-02 and the amounts were unknown.

Figure 2: County Cost of Risk as a percentage of County expenditures, FY 2001-02 through FY 2003-04

**County of Los Angeles Cost of Risk as a Percentage of County Expenditures
FY 2001-02 through FY 2003-04**



Source: RMIS and GenComp

The County's initial objective is for the Cost of Risk **to not exceed 2.5%** of the County's operating expenditures.

All amounts are valued as of June 30, 2004, as reported in the County's liability risk management information system (RMIS), workers' compensation information system (GenComp) and/or the Workers' Compensation Trust Fund Cash Balance Report.

Although RMIS is available to collect and analyze applicable data, some RMIS data need maturation due to questions of completeness, historical data conversion and claim information coding. However, RMIS contains sufficient and accurate data to enable County management to measure and control liability exposures. RMIS information included in this report is: (1) information coded as Vehicle Liability, General Liability, and Medical Malpractice; but, (2) information excludes MTA, Metrolink, Children Service dependency cases and probate funding accounts.

RISK MANAGEMENT BRANCH FUNCTIONS

- a. Workers' Compensation
- b. Liability Claims/Risk Management Inspector General
- c. Loss Control and Prevention
- d. Occupational Health Programs
- e. Return to Work and Disability Management
- f. Risk Management Operations



WORKERS' COMPENSATION

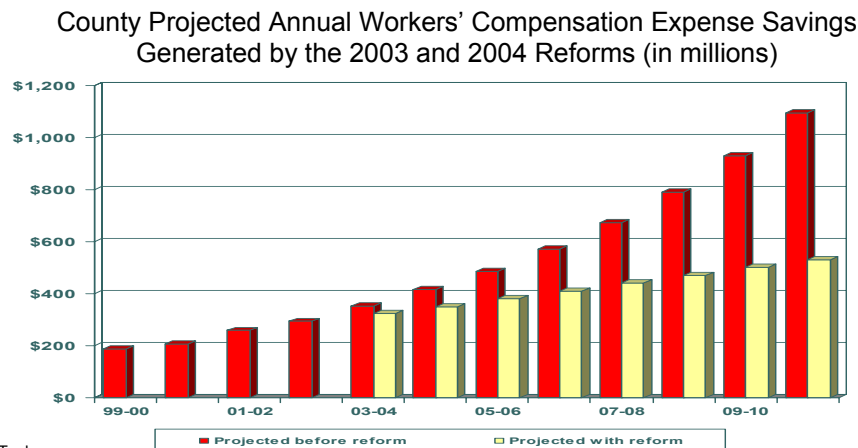
Other than the State of California, the County is the largest public employer in California. The County's self-insured Workers' Compensation Program is the largest of any local governmental entity. Three TPAs adjust the County's workers' compensation claims. Experienced County staff in the CAO Workers' Compensation Unit (CAO/WC) provide on-site monitoring of the claims services of each TPA. County Counsel staff and private workers' compensation defense attorneys provide legal services.

During FY 2003-04, CAO/WC continued to operate and monitor the County's self-insured workers' compensation program, ensuring the payment of claims to employees whose injuries arose in the course and scope of employment. This program oversees the administration of approximately 23,689 active workers' compensation claims. The active total workers' compensation claim count includes future medical and indemnity claims. CAO/WC provides customer service designed to assist injured workers and departments with resolving workers' compensation claims by providing subject matter expertise. Additionally, CAO/WC provides continuous on-site workers' compensation TPA monitoring and performance auditing.

FY 2003-04 Accomplishments

- CAO/WC collaborated with public and private employers in promoting significant workers' compensation reforms to the California workers' compensation system that promise administrative efficiency and cost effectiveness. As a result of the legislative reform, CAO/WC projects a reduction of future workers' compensation exposure of \$50 million each year. The estimated cost reduction impact from the FY 2003-04 legislative reform is illustrated in Figure 3.

Figure 3: Estimated expense reduction due to the 2003 and 2004 workers' compensation reforms in the County's projected workers' compensation cost, estimated July 1, 2004.



Source: GenComp and ARMTech

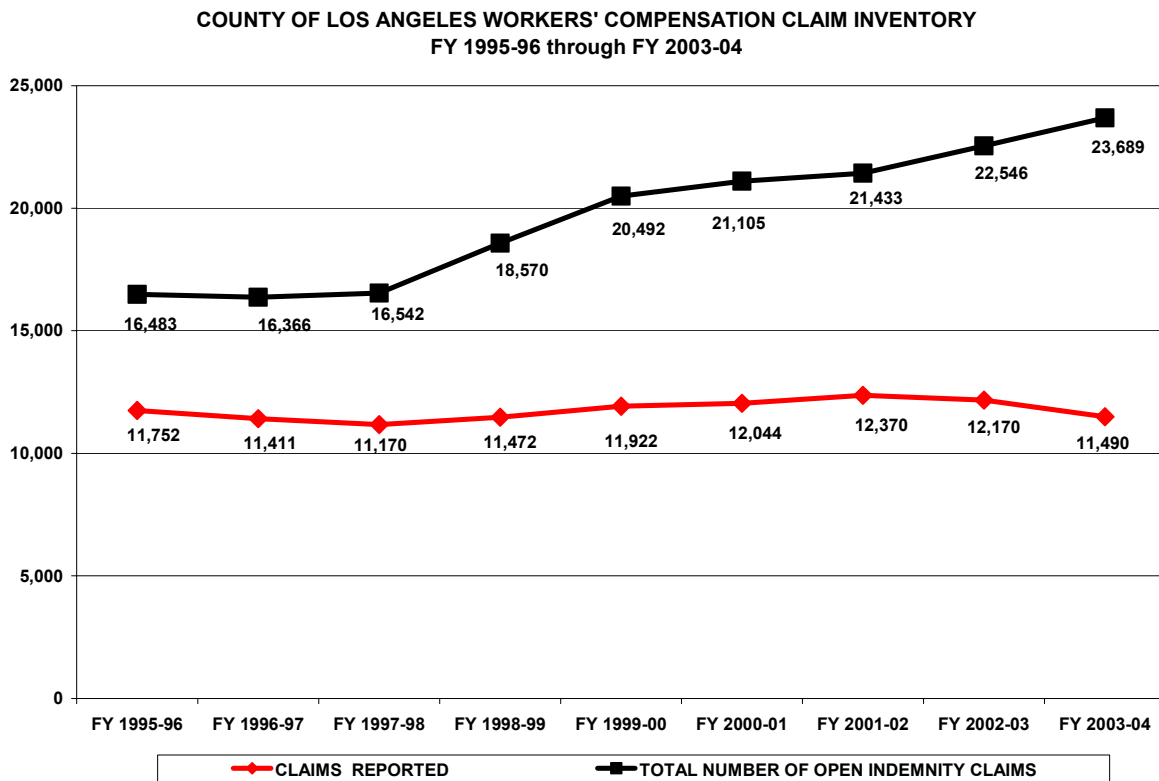
- CAO/WC implemented claims handling protocols to cultivate evidence-based claims administration and improve communication between workers' compensation TPAs and County departments. Since January 2004, CAO/WC monitors attended more than 40 claim reviews and litigation roundtables. In addition, GenComp for Windows (GCFW) was provided to 21 County departments. These departments employ approximately 85% of County employees.
- CAO/WC completed audits of all workers' compensation claims TPAs. The audits were performed solely by CAO/WC in Calendar (CY) 2003 and CY 2004. A consultant's quote exceeded \$210,000 to perform the annual TPA audits.
- CAO/WC continued to aggressively combat workers' compensation fraud. Table 2 outlines County anti-fraud performance measures. In FY 2003-04, anti-fraud program efforts resulted in four workers' compensation fraud convictions. These convictions resulted in ordered restitution totaling \$340,000 and estimated future cost avoidance totaling over \$2,000,000. In FY 2002-03, the County District Attorney's Office reported the County submitted 31 documented referrals, more than any other self-insured employer or insurance carrier in the State.

Table 2: County workers' compensation anti-fraud performance measures, FY 1997-98 through FY 2003-04

Measure	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Cases Reviewed by Anti-Fraud Team	87	71	80	102	864	1844	1800
Fraud Cases Referred to the District Attorney	3	1	4	5	25	31	18
Criminal Arrests	0	0	0	0	1	8	1
Convictions	0	0	0	0	1	1	4
Restitution Ordered by Criminal Court	\$0	\$0	\$0	\$0	\$2,886	\$150,000	\$340,000
Restitution Collected by County	\$0	\$0	\$0	\$0	\$0	\$2,886	\$80,000
Future Savings (from conviction and resulting case closures)	\$0	\$0	\$0	\$0	\$43,285	\$186,483	\$2,001,205

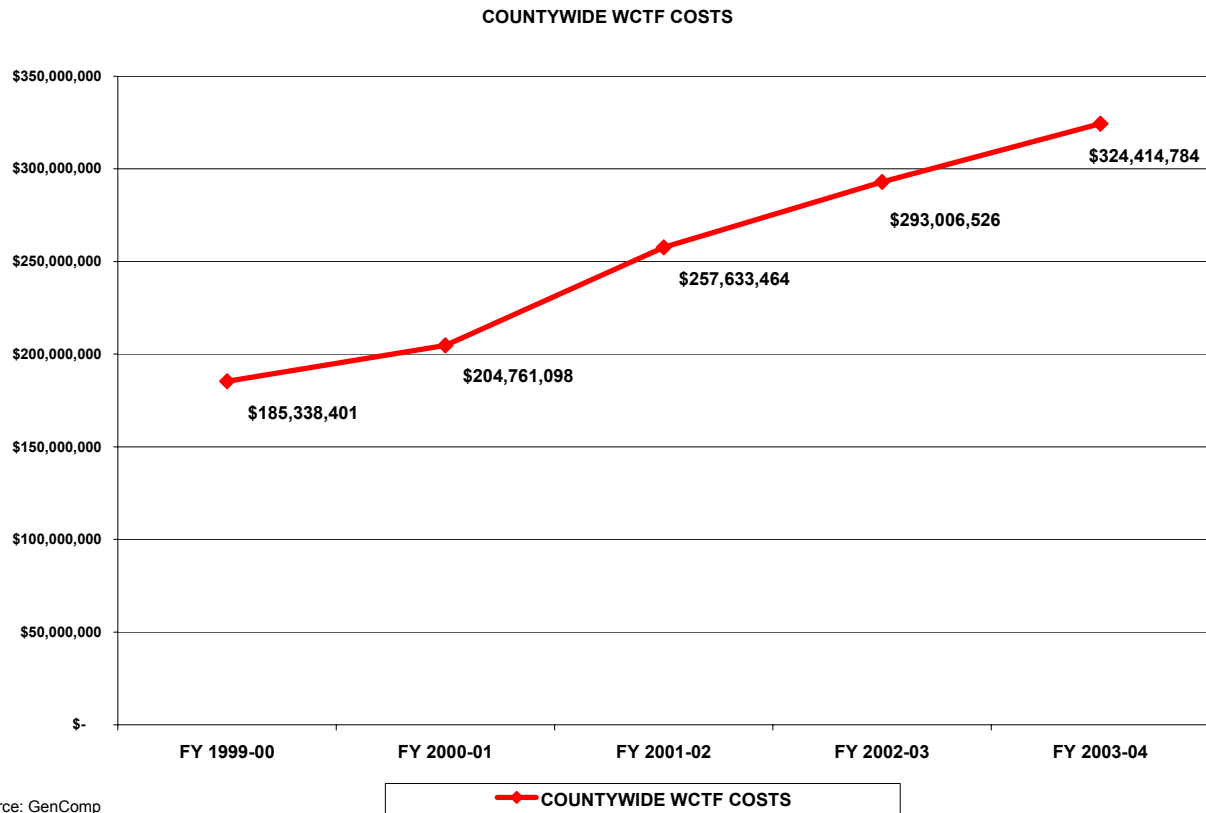
- CAO/WC continued to provide onsite training, payment authorization, and fiscal reconciliation services at each workers' compensation TPA. These services led to considerable reduction in "expense leakage."
- CAO/WC increased subrogation and refund (excess insurance and contribution) deposits substantially from FY 2002-03. For example, FY 2003-04 subrogation and refund collections equaled \$858,539 and \$2,781,568, respectively. This compares favorably to FY 2002-03 subrogation and refund collections that totaled \$790,466 and \$934,232, respectively. This represents a 111% increase from FY 2002-03 to FY 2003-04.
- CAO/WC monitored the transfer of approximately 8,000 workers' compensation claims to a new workers' compensation TPA.
- In FY 2003-04, the Workers' Compensation Program realized a cost savings of \$27,585,215 from the budgeted \$352,000,000. This cost avoidance trend has continued into FY 2004-05. County open workers' compensation indemnity claim inventory and claims reported are illustrated in Figure 4. County Workers' Compensation Trust Fund (WCTF) paid costs are illustrated in Figure 5.

Figure 4: County workers' compensation claims inventory, as of June 30, FY 1995-96 through FY 2003-04



Source: GenComp

Figure 5: County Workers' Compensation Trust Fund (WCTF) paid cost, FY 1999-00 through FY 2003-04



Objectives for FY 2004-05

- Implement the statutory reforms authorized in State Senate Bill (SB) 899.
- Continue implementation of evidence-based claims handling protocols.
- Continue to promote collaboration with workers' compensation TPAs, County departments, and the CAO/RMB return to work and loss control and prevention staff to improve workers' compensation claim outcomes.

LIABILITY CLAIMS/RISK MANAGEMENT INSPECTOR GENERAL

The CAO/RMB Liability Claims/Risk Management Inspector General Unit (CAO/LC) was created in FY 2003-04 to focus resources on the administration of the County's liability claims management processes; and, to perform the County's Risk Management Inspector General functions. The CAO/LC mission is to:

Advance and improve liability claims management and corresponding litigation management practices, reduce the number of liability claims and lawsuits, and reduce the County's cost of risk.

CAO/LC provides oversight of the County's tort property, vehicle and liability claims process. For general liability, vehicle liability, employment practices and medical malpractice claims, CAO/LC administers adjusting of these claims by two TPAs. Litigated matters are adjusted by the TPAs in collaboration with County Counsel.

For FY 2003-04, new liability claims decreased from the previous three fiscal years. From July 1, 2003 through June 30, 2004, the County opened 4,670 liability claims.

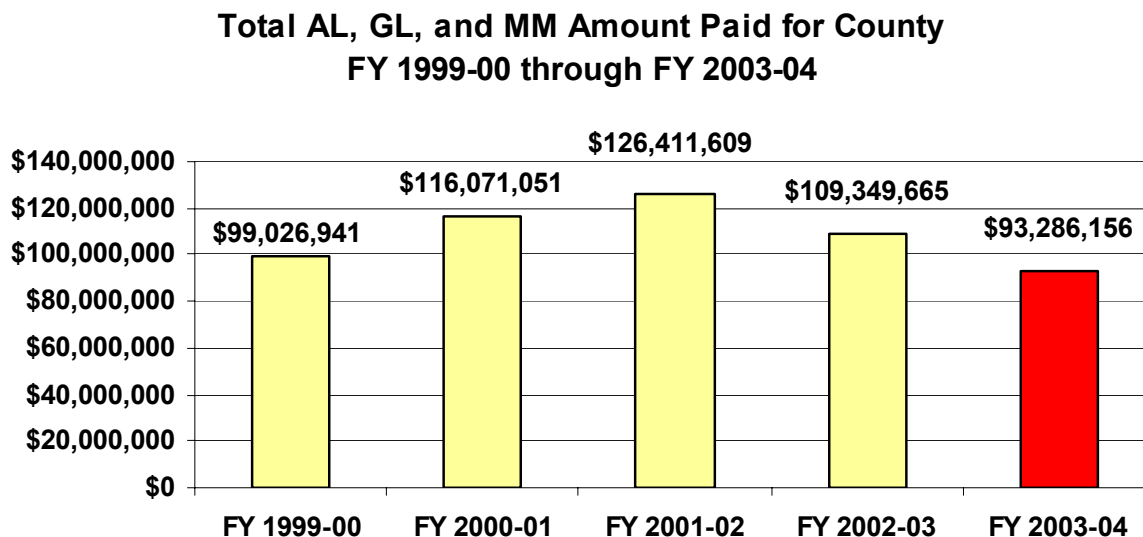
CAO/LC also provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY 2003-04, CAO/LC received \$238,508 from "at fault" parties that damaged County property.
- Report and consult with County departments on exposure issues; and, on tort claims as an informational tool and to assist departments investigate methodologies to reduce exposures or claims.
- Management of the two TPAs adjusting the County's tort general liability, vehicle liability, employment practices and medical malpractice claims. In addition to claims adjusting, the TPAs also conduct legal bill reviews and provide departments limited data and information concerning departments' claims and losses.
- Support departments' loss control efforts through the generation and distribution of RMIS loss control and claims reports.
- Assist departments in the development of Corrective Action Plans and auditing the implementation and effectiveness of approved Corrective Action Plans.
- Conduct investigations and evaluations of Risk Management issues with the potential to cause economic loss within the County; for example, the review of the County's liability management processes.

FY 2003-04 Accomplishments

- Created CAO/LC and initiated Countywide consolidated liability claims processing and adjusting study.
- Implemented and coordinated over 60 claim reviews with County departments. Drafted annual schedule for periodic meetings to discuss specific claims, budget issues and obtain departments' input into the claims process.
- Drafted *2004 County of Los Angeles Liability Strategic Initiative*, outlining goals and objectives for County risk management performance. Evaluated relevant County functions, processes and procedures; and, developed detailed process recommendations for the various liability claims functions throughout the County.
- Developed and implemented a new claims adjusting TPA performance audit based on insurance industry best practices.
- Developed a process for generating requested risk management data for departments and external requestors.
- Reintroduced the County's dispute resolution and cost apportionment process for allocation of liability claims between departments.
- Through a Countywide effort, the County's total Vehicle Liability (AL), General Liability (GL) and Medical Malpractice (MM) amount paid has decreased by 15% from \$109,349,665 in FY 2002-03 to \$93,286,156 in FY 2003-04 as illustrated in Figure 6.

Figure 6: FY comparison of liability cost expenditures, regardless of date of occurrence



Source: RMIS, generated 1/31/05: AL, GL, MM claims; Paid regardless of loss date, amount includes indemnity, legal fees and expenses. Figures exclude MTA, Metrolink, Children Service dependency cases and Probate funding accounts.

Objectives for FY 2004-05

- By June 2005, in recognition of the centralization of County risk management functions into the CAO, recommend changes to County Code and administrative procedures to enhance the CAO's ability to adjust and provide for settlement of claims, while preserving and protecting the County's attorney-client privileges and attorney work product privileges.
- By June 2005, recommend increasing litigation settlement authority for County Counsel and the County of Los Angeles Claims Board (Claims Board) and claims settlement authority for the CAO, County Counsel and the County Claims Board.
- By June 2005, develop and implement Countywide Corrective Action Plan (CAP) development, tracking and reporting process.
- By December 2005, improve liability TPA claims adjustment processes (as measured by improvements in liability claims adjusting performance assessment score).
- By December 2005, improve the accuracy and functionality of the RMIS database so it preserves and protects the County's attorney-client privileges and attorney work product privilege while facilitating a balance between workflow efficiencies and managerial necessities; and, further conforms to system requirements and utilization for managerial, risk management, actuarial, financial, claims and underwriting requirements and other user needs.
- By December 2005, evaluate the risk management program benefits and the cost effectiveness of consolidating County departments' tort vehicle, property, aviation, liability, and tort claim adjusting responsibilities and related staff in CAO/RMB, and implement recommendations.
- By December 2005, in collaboration with County Counsel, Auditor-Controller, and departments, develop and implement standardized Countywide claims adjusting policies, procedures or guidelines.
- By December 2005, evaluate and implement a process to establish annual tort vehicle, property, and liability actuarial studies to improve the accuracy of the County's budgeting and cost allocation processes.

LOSS CONTROL AND PREVENTION

The mission of the Chief Administrative Office Risk Management Branch Loss Control and Prevention Section (CAO/LCP) is:

- 1. To ensure a safe and healthful environment for County employees, visitors and citizens; and,**
- 2. To minimize the Cost of Risk for the County.**

This is accomplished through a number of strategies:

- Understand County departments' operations, exposures and cost drivers.
- Provide loss control consulting to departments to improve their programs, procedures and policies relating to workers' compensation, tort liability, general liability, vehicle liability and property exposures and losses.
- Establish loss control and prevention standards and assist departments to implement and attain them.
- Focus attention on departments' "cost driver" issues and root causes of loss.
- Facilitate communication between CAO/RMB and departments to discuss risk management issues and implement recommendations.
- Enhance the loss control and prevention knowledge and capabilities within County departments.

CAO/LCP staff are assigned to specific departments to provide County departmental personnel one point of contact for all loss control and prevention issues. Assigned CAO/LCP staff members often serve as the liaison for loss control and prevention services for their departments. Loss Control and Prevention services can be provided by any CAO/LCP staff member, or by outside consultants as recommended by CAO/LCP staff.

During FY 2003-04, most of CAO/LCP's focus was to standardize the process through which CAO/LCP services are provided to County departments. CAO/LCP is changing focus from a traditional health and safety consultative model to one focused on issues driving workers' compensation, tort liability, general liability and vehicle liability costs. From a Countywide perspective, there are a number of areas where significant attention is being focused:

- Improving accident investigations and determining root causes of accidents.
- Developing Corrective Action Plans and Loss Control and Prevention Plans to address the root causes of accidents.

- Identifying and evaluating risks on a department-by-department basis.
- Developing recommendations to address exposures and risks.
- Assisting departments to implement recommendations.

Leading causes of workers' compensation loss throughout the County include:

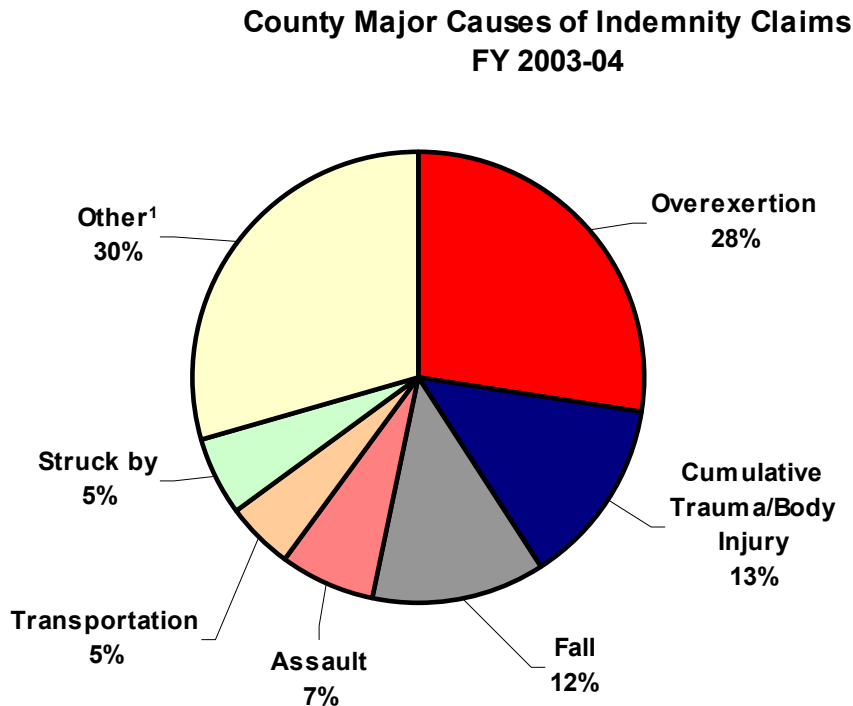
1. Overexertion (lifting, carrying, pushing, pulling)
2. Cumulative trauma (ergonomics)
3. Slips and falls
4. Assaults
5. Vehicle accidents (transportation)
6. Struck by falling/flying objects
7. Other (including exposure, emotional, cardiovascular, rubbed by/against, caught in/between, etc.)¹

Note:

1. "Rubbed by/against" includes abrasions and foreign objects in the eye; "Caught in/between" involves pinch points, such as pinching fingers in a door.

The causes for these types of losses are being evaluated on a department-by-department basis. Figure 7 illustrates the major causes of FY 2003-04 workers' compensation indemnity claims and Figure 8 illustrates the cost breakdown of the FY 2003-04 major causes of indemnity claims.

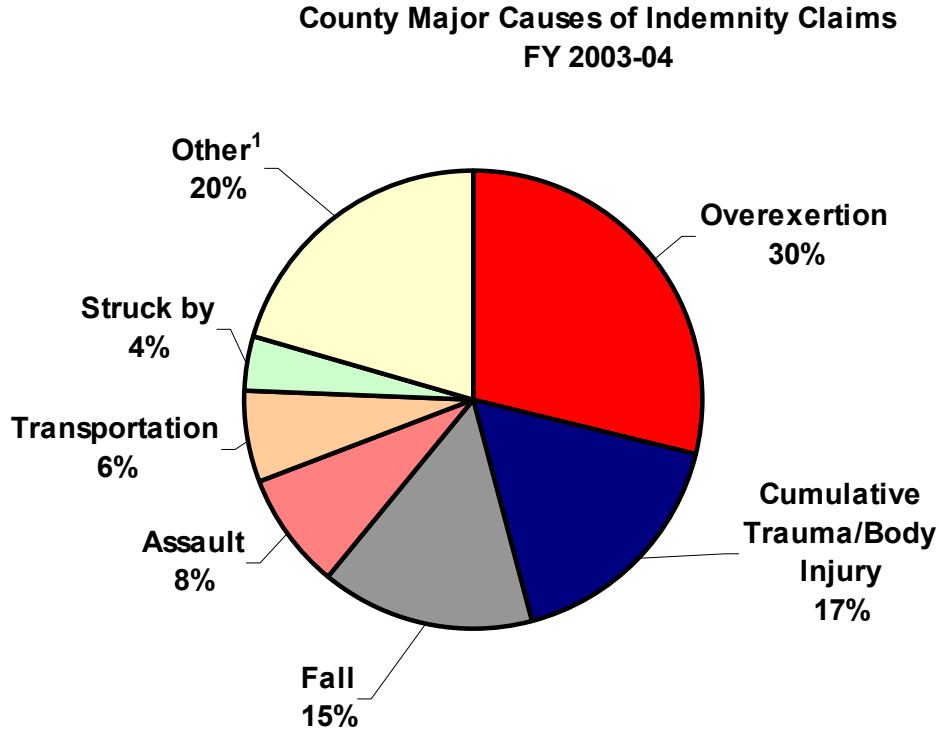
Figure 7: County major causes of workers' compensation indemnity claims FY 2003-04 (by frequency)



Note:

1. Other category includes exposure, emotional, cardiovascular, rubbed by/against, caught in/between, etc. Source: GenComp

Figure 8: County major causes of workers' compensation indemnity claims FY 2003-04 (by incurred cost)



Note:

1. Other category includes exposure, emotional, cardiovascular, rubbed by/against, caught in/between, etc. Source: GenComp

CAO/LCP efforts are essential to ensuring the safety of County employees, visitors and citizens and to minimizing the Cost of Risk for the County. CAO/LCP continues to work with its departmental contacts to address issues and implement improvements.

The efforts of CAO/LCP will be tracked by measuring activities and results on a quarterly basis. Activities to be tracked include the number of consultations provided for departments, the number of training sessions completed, and the number of new resource documents developed. The primary result to be tracked is the frequency of new workers' compensation claims filed by each department.

FY 2003-04 Accomplishments

- Conducted a systematic assessment and produced a *Risk and Needs Assessment* for all 38 departments. These assessments include an overview of the departmental operations and exposures, a description of how the safety function is managed in the department, workers' compensation loss information, an evaluation of exposures for workers' compensation, tort liability, general liability, and vehicle liability, and recommendations for improving loss control and prevention issues. These assessments are periodically updated with new exposure information CAO/LCP loss analyses, recommendations, and changes in the status of prior CAO/LCP recommendations.

- Provided technical support (consultations, training, surveys, etc.) to all departments on a wide range of loss control topics. A total of 568 consultations were provided.
- Conducted four quarterly safety and health seminars attended by hundreds of participants. Representatives from all departments are invited to attend these seminars.
- Expanded the use of the GenComp system (the workers' compensation claim database) by encouraging departments to obtain access to the system, developing a system user's manual, and by training departmental representatives on how to use the system.
- Produced 15 bulletins on a variety of loss control and prevention subjects and made them available to all departments.
- Expanded CAO/LCP efforts to include tort liability, general liability and vehicle liability issues.
- Through a Countywide effort, the frequency of workers' compensation claims reported Countywide decreased, from 12,170 in FY 2002-03 to 11,490 in FY 2003-04, a 5.6% decrease.
- The County experienced a significant decrease (18.8%) in the number of Cal/OSHA citations received regarding occupational hazards (as based on a three-year rolling average).

Objectives for FY 2004-05

- Throughout FY 2004-05, update loss control and prevention information in the *Risk and Needs Assessments* and consult with others in CAO/RMB to expand the scope of the assessments to include subject areas beyond loss control and prevention.
- By December 2005, in collaboration with County departments, accelerate the development and implementation of County Loss Control and Prevention Plans and Corrective Action Plans.
- By June 2005, in collaboration with County departments, develop an orientation program for department heads, their chief deputies and Risk Management Coordinators regarding their roles in Loss Control and Prevention Plans and Corrective Action Plans.
- Continue to focus CAO/LCP efforts on "cost driver" issues by assisting departments to implement an aggressive Loss Control and Prevention Program.

OCCUPATIONAL HEALTH PROGRAMS

The Chief Administrative Office Occupational Health Programs (CAO/OHP) mission is:

- 1. To protect the health of County of Los Angeles employees and, by extension, the health and safety of the public they serve; and,**
- 2. To minimize the adverse effects of employee illness and injury on County of Los Angeles departments.**

Development and implementation of job related medical guidelines are at the core of CAO/OHP's work. Medical guidelines are established for new positions and when existing positions change in their physical, psychological, or emotional demands. Additionally, new and revised medical guidelines are developed in conformance with Federal and California laws; for example, the Americans with Disabilities Act and the State of California's Fair Employment and Housing Act.

An applicant's ability to meet the medical guidelines for a County position is evaluated in the preplacement medical examination process. CAO/OHP establishes and monitors contracts for these examinations with 16 medical providers that operate in more than 30 clinics throughout the County. In addition, County employees receiving periodic medical monitoring, as required by Cal/OSHA or as part of an established wellness/fitness program, undergo medical examinations at CAO/OHP-established medical clinics. CAO/OHP in-house physicians review most medical examinations and follow up with applicants/employees with significant medical findings. Records from all of such examinations are centrally maintained by CAO/OHP.

CAO/OHP administers programs for drug and alcohol testing of County job applicants and for employees who are commercial drivers as defined by the Federal Department of Transportation (DOT). Individuals applying for public safety positions, truck and ambulance drivers, and certain high risk crafts positions, receive a drug test as part of their preplacement examination. For approximately 1,000 County commercial drivers, the DOT requires random drug and alcohol testing as well as preplacement, post accident and "reasonable suspicion" testing. CAO/OHP established and monitors a contract with a consultant to coordinate DOT testing. All County employees may be subject to "reasonable suspicion" drug testing if they appear to be at work under the influence of drugs or alcohol.

Should an applicant be disqualified for not meeting a position's medical or psychological guidelines, the applicant can, under Civil Service Rules 9.02 and 9.06, challenge the medical guideline and/or request a review of medical findings. CAO/OHP responds to these appeals on behalf of the CAO.

County employee's medical and/or psychological reevaluations may occur if an employee's deteriorating job performance may reasonably be caused by physical and/or emotional

problems. In such instances, CAO/OHP consults with departments to establish the need for reevaluation and to assist the department to develop appropriate, written documentation of the relevant job performance issues. A medical/psychological reevaluation may result in a recommendation for job accommodations and/or work restrictions; and, in a few cases, may result in a recommendation for the employee's medical release and/or retirement.

In 1981, the Board of Supervisors established the County of Los Angeles Employee Assistance Program (EAP) to ensure that all County employees and their families have access to employee assistance services. EAP services include confidential assessment, counseling and referral. EAP personnel provide departments' supervision with training to recognize the existence of employee problems and initiate appropriate referral to the EAP. EAP also provides conflict resolution, mediation, and a variety of training workshops.

FY 2003-04 Accomplishments

- Responded to medical/psychological examination needs of County departments. Table 3 outlines FY 2001-02 through FY 2003-04 Occupational Health Programs output measures.

Table 3: Occupational Health Programs output

Service Provided	FY 2001-02	FY 2002-03	FY 2003-04
Medical appeals	NA	116	38
Medical reevaluations	54	63	40
Preplacement exams	7,099	4,134	4,044
Periodic exams	7,693 ¹	11,166 ²	6,291 ³
Subpoenas/records requests	NA	492	490
Drug/alcohol tests	1,530	1,520	1,391
Psychological reevaluations	88	121	103
Psychological appeals	205	88	57
EAP counseling sessions	886	907	586
EAP telephone sessions	1,264	1,448	897
EAP training sessions	124	147	109
Employees trained-EAP sessions	4,721	4,149	2,951

Notes:

1. Includes 2,141 one-time only respirator exams.
2. Includes 6,246 one-time only respirator exams.
3. Includes 1,241 one-time only respirator exams.

- Executed new agreement for Countywide employee drug/alcohol testing program services for commercial drivers.
- Revised and issued Countywide “Medical and Psychological Reevaluations: Policies and Guidelines.”
- Hired a new Chief, Psychological Services and a new EAP Counselor.
- Obtained approval to recruit and hire full-time Chief Physician (Medical Director) for CAO/OHP.
- Provided County departments with information and guidance on employee health and safety concerns such as SARS, West Nile Virus, etc.

Objectives for FY 2004-05

- Expeditiously respond to medical/psychological examination needs of County departments.
- By May 2005, initiate solicitation process for medical contractors to provide pre-placement and periodic medical examinations upon termination of 16 current contracts.
- By September 2005, finalize and release Countywide “Employee Tuberculosis Exposure Control Program.”
- By January 2006, evaluate Countywide pre-placement medical examination program and implement new protocols, techniques and procedures. Changes will improve examination effectiveness to assess applicant fitness for duty, decrease examination expense, and ensure compliance with applicable federal and state regulations.
- By January 2006, evaluate current Countywide employee and pre-placement drug/alcohol testing programs to propose program modification. Changes will improve effectiveness in identifying substance abuse/misuse and preventing associated accidents, injuries, and workers’ compensation claims.

RETURN TO WORK AND DISABILITY MANAGEMENT

The Chief Administrative Office Return to Work and Disability Management Unit (CAO/RTW) is primarily responsible for the following functions:

- 1. Countywide return to work programs;**
- 2. Medical management of workers' compensation claims that includes bill review, Medical Provider Networks and treatment review components; and,**
- 3. Management and administration of the County's Short Term Disability Plan and two Long Term Disability Plans.**

In FY 2003-04, Countywide Return to Work (RTW) efforts resulted in approximately \$2 million of salary savings. Salary savings are based upon the number of days employees are returned to work earlier than anticipated by their treating physician due to a department's offer of modified or transitional work assignments. With CAO/RMB's re-focus on return to work, FY 2004-05's goal is to double the savings to approximately \$4 million. Measurement standards, such as job offers and placement statistics are being collected as of January 1, 2005, and will be reported in the CAO/RMB FY 2004-05 Annual Report.

CAO/RTW's medical management function is expected to achieve cost avoidance by improving medical management and implementing discounted rates for medical treatment. In a collaborative effort with industry professionals during FY 2004-05, performance measures will be developed to measure the quantity and quality of medical treatment provided by the County's Medical Provider Networks (MPN). MPNs were authorized under SB 899. Projected annual savings that will arise from MPN implementation should approximate \$6 to \$8 million. Preliminary results will be published in the CAO/RMB FY 2004-05 Annual Report.

Disability management consists of Short Term Disability (STD) and Long Term Disability (LTD) plans; and, includes managing a third party administrator, advising departments and employees, financial management for the self-insured programs, and developing and implementing best practice standards. During FY 2003-04, STD and LTD plans were extensively reviewed by a consulting firm for compliance with contract terms and best practices. In FY 2003-04, an outside actuarial valuation was also conducted. The Survivor Income Benefit of the represented LTD plan was reviewed. The consulting and actuarial reports have provided specific operational guidelines for the implementation of industry best practices. Actuarially sound liabilities have now been established that project future post-employment benefits pursuant to the upcoming Governmental Accounting Standards Board (GASB) reporting requirements.

Return to Work Function

CAO/RTW supports workers' compensation and STD programs by establishing protocols for returning employees to work following an injury or illness that may or may not be job related. An updated *County of Los Angeles Return to Work Resource Manual* will be available in April 2005. Along with additional material, the manual will include a process for inter-department and intra-department employee transfers. The objective is to increase and match more job opportunities to the employee's abilities.

During FY 2004-05, the CAO will recommend mandating RTW Countywide, congruent with employee's permanent medical condition and unless exceptional circumstances exist. One of the tenets of a mandated RTW program will be a systematic approach to communicating with employees about their welfare. When fully developed, the RTW interactive process will require an employee to periodically visit the worksite during the recovery period.

FY 2004-05 Objectives

- By January 2005, provide monthly training to RTW Coordinators to improve communications and timeliness of RTW program changes for compliance with SB 899 reforms. Training for department managers and supervisors continues on an as needed or requested basis.
- By June 2005, provide an updated *County of Los Angeles Return to Work Resource Manual* that requires face-to-face interactive processes and system-wide protocols. The manual will also incorporate other County policies and procedures that impact the management of employee leaves of absence.
- By September 2005, recommend to the Board of Supervisors a Countywide mandated Return to Work Program and a structure for intra-departmental and inter-departmental employee transfers.

Medical Management Function

CAO/RTW is responsible for workers' compensation medical management. Medical management has been a part of the County's workers' compensation program since 1998. Pursuant to the 2004 workers' compensation reforms (SB 899), a new component to medical management is the establishment of an MPN. An MPN is a group of medical providers that agree to provide treatment for occupational injuries in compliance with mandatory medical guidelines, access standards, and offer discounted rates. An MPN assures that treatment for occupational injuries is in adherence to medically based treatment standards and that the treating physician is competent to treat specific work-related illnesses or injuries. The treating physician also agrees to provide such treatment for a fee that is either at or below the California Official Medical Fee Schedule. This effort is a part of the County's overall effort to improve medical services while reducing the cost of workers' compensation claims.

FY 2004-05 Objectives

- By March 2005, develop and implement an MPN to treat workers' compensation claimants.
- Upon approval by the State of the County's MPN, notify County employees of the effective date of the MPN's implementation and implement on-going employee information and notification system.
- By September 2005, establish MPN medical performance standards based upon best practice standards for the efficacy of medical treatment, content and timeliness of reports, and employee "customer" satisfaction. Medical treatment statistics will be compiled to measure the efficiency and effectiveness of the MPN physicians treating injured County workers.
- By June 2005, systematically direct treatment of all work related injuries for employees and retirees toward the MPN to take full advantage of the California Official Medical Fee Schedule and discounted provider rates.

Disability Management Function

To administer the STD and LTD programs requires CAO/RTW staff to focus upon disability leave and salary replacement programs. Like any disability program, the County's STD and LTD programs are affected by internal department leave policies that provide ongoing compensation for time away from the worksite based upon factors such as seniority rather than employee's capacity to work. The time injured employees are out of the workforce is also influenced by their workers' compensation claim activity and outside economic influences. During FY 2003-04, CAO/RTW arranged for consultants to review the County STD and LTD programs and conduct performance audits of the TPAs. The audit results are providing direction for program improvements. Daily, CAO/RTW works with vendors and County department managers to implement administrative improvements to STD and LTD. Tables 4 and 5 outline FY 2001-02 through FY 2003-04 STD and LTD performance measures.

Table 4: Short Term Disability performance measures

STD Program Components	FY 2001-02	FY 2002-03	FY 2003-04
Claims Approved	389	412	457
Average Claim Duration	10 wks	12 wks	12 wks
Return to Work Savings (Started 2003)	NA	NA	5,488 hours
Claim Expenses	\$ 3,325,647	\$ 3,651,539	\$ 4,266,608

Table 5: Long Term Disability performance measures

LTD Program Components	FY 2001-02	FY 2002-03	FY 2003-04
Claims Approved	530	612	599
Average Number of Open Claims	2,127	2,232	2,352
Amount of LTD Payments	\$21,614,377	\$23,807,593	\$26,018,319

FY 2004-05 Objectives

- By April 2005, pursuant to audit findings, prepare a recommendation to the CAO that reduces the frequency of recurring STD claims, improves the value of the program for those employees without the ability to save paid time off for catastrophic illnesses, eliminates the adverse selection of tiered benefits and coordinates with workers' compensation claims.
- By May 2005, distribute updated STD and LTD Plan booklets to all eligible employees to improve communication and plan effectiveness.
- By August 2005, develop and implement an LTD fraud program similar to the CAO's workers' compensation fraud program.

RISK MANAGEMENT OPERATIONS

The CAO Risk Management Operations Section (CAO/RMO) is responsible for the following risk management programs/functions:

- County Commercial Insurance Program
- Risk Management Information System (RMIS)
- Workers' Compensation Information System (WCIS)
- Insurance Budget (departmental coordination)
- CAO/RMB Contracts Administration Program
- Indemnification and insurance language review/approval
- Self-insurance certifications
- Administrative services support to the County Risk Manager
- Ad hoc and special studies and reports

FY 2003-04 Accomplishments

- Maintained all commercial insurance programs without a break in coverage.
- Developed and issued insurance and indemnification requirements for County construction projects, to assist the Department of Public Works project managers with the determination of appropriate coverage and limits for such projects.
- Completed data conversions from numerous separate data bases into RMIS.
- Reached a major RMIS milestone for the year with RMIS implementation in April 2004.
- Provided year-round training to RMIS users.
- Created the RMIS Steering Committee (comprised of CAO, Chief Information Office, County Counsel and Auditor-Controller representatives) to provide RMIS oversight.
- Installed and trained WCIS users from 18 departments to use GenIris, the Windows-based version of GenComp, and provided training to most County departments possessing access to the WCIS.
- Implemented off-site storage of backup to GenComp, as part of the County's business continuity effort.
- Produced and maintained the County's FY 2003-04 Insurance Budget.

- Renewed and administered the Risk Management and Insurance Consulting Services Master Agreement.
- Produced approximately 348 certificates of County self-insurance for County departments, including production of a generic certification for the Registrar-Recorder for polling sponsors, and a generic certification for the Department of Mental Health to respond to requests for malpractice histories for psychiatrists and social workers.
- Maintained the Internal Services Department database and County's Contracting Monitoring System, including the updating of 20 required annual contract reports, and monthly expenditures for 49 active agreements.
- Staff reviewed/approved indemnification and insurance language for approximately 275 contracts and Board Letters, and conducted training for departmental contract analysts and other staff, regarding contracted Risk Management and related insurance issues.
- Assisted with branch administrative functions such as personnel transactions, branch reorganization effort, and space and equipment needs.

Objectives for FY 2004-05

- To maintain all commercial insurance programs with no break in coverage, and to timely renew all broker services agreements (ongoing).
- To continue providing technical assistance to departments with unique insurance requirements/issues (ongoing).
- To begin implementation of RMIS Contract Amendment No. 2, upon approval of the Board of Supervisors.
- To work with the RMIS Steering Committee to implement RMIS upgrades and enhancements, to improve RMIS data integrity, to produce RMIS reports, and to meet other goals established by the steering committee.
- To train the increasingly large number of RMIS users (ongoing).
- To expeditiously respond to Workers' Compensation Program inquiries by the press, the Board of Supervisors, and others through the use of the GenComp (as needed).
- To meet all deadlines and requirements, in producing and maintaining the FY 2004-05 Insurance Budget (ongoing).

- To timely renew existing contracts and administer new contracts, (no retroactive contracts) (as needed).
- To maintain County contract reporting requirements and to maintain the CAO/RMB central contracts files (ongoing).
- To provide County self-insurance certificates, review/approve contract/Board Letter indemnification and insurance language, and to provide timely training and technical assistance to departments relative to insurance contractual Risk Management and related issues.
- To provide effective administrative services to the CAO and County Risk Manager (as needed).

PERFORMANCE COUNTS

Table 6: County FY 2004-05 CAO/RMB *Performance Counts!* program performance measures

Performance Measures ¹	Actual FY 2002-03	Actual FY 2003-04	Estimated FY 2004-05	Projected FY 2005-06
Indicators				
Liability loss and adjustment expenses as a percent of total County operating expenditures	0.2%	0.18%	0.2% ²	0.2%
Percent increase/decrease in workers' compensation loss and adjustment as a percent of the total County operating expenditures	1.7%	1.9%	2.2%	2.5%
Percent of requests for medical/psychological reevaluations that occur within the first two years of employment	-- ³	.074%	.079%	.079%
Percent increase/decrease of California Occupational Safety and Health Administration citations regarding occupational hazard based on a three-year calendar rolling average	-- ³	-18.8%	-10.0%	-10.0%
Percent increase/decrease in employees placed in transitional work hardening assignments	19.0%	10.0%	10.0%	10.0%
Operational Measures				
Number of training sessions for departmental Risk Management Coordinators	-- ⁴	4	5	5
Number of workers' compensation open claims	24,094	25,736	25,950	26,300
Number of pre-placement examinations	4,134	4,044	5,055	6,318
Number of loss control and prevention consultations provided to County departments to identify risk mitigation and control opportunities	267	568	600	630
Number of Early Return to Work training sessions conducted for line supervisors	14	18	25	25

Notes:

1. The CAO Risk Management Branch is a new organization, and, to date, is not yet fully staffed and continues to initiate final reorganization efforts. As a result, risk management initiatives to improve risk management programs' results have either only recently begun or are soon to be implemented. Therefore, improvements in the performance of risk management programs will be more apparent in future fiscal years.
2. Includes an anticipated \$8.8 million in payments for three major cases during FY 2004-05.
3. Data were not previously tracked.
4. Training sessions began in FY 2003-04.

STATISTICS

Total Cost – All Claims.....	Exhibit A
Total Risk Management Costs.....	Exhibit B
Total All Claims Loss Summary Table.....	Exhibit C
Total Number of Claims Filed.....	Exhibit D
Total Claims and Lawsuits Paid by Cost Range.....	Exhibit E
Vehicle Liability Loss Summary.....	Exhibit F
General Liability Loss Summary.....	Exhibit G
Medical Malpractice Loss Summary.....	Exhibit H
Workers' Compensation Loss Summary.....	Exhibit I



Exhibit A: County fiscal year comparison of total cost (paid and reserved), regardless of date of occurrence, FY 2001-02 through FY 2003-04

**Total Cost – All Claims (Paid)
FY 2001-02 through FY 2003-04**

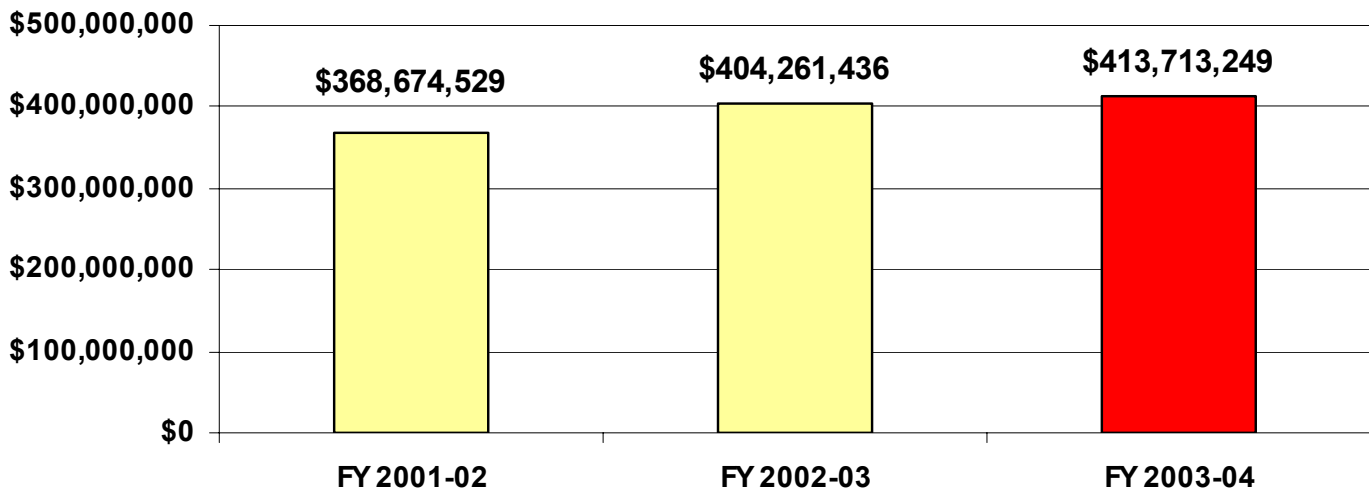
FY	Cost^{1,2,5}	Vehicle Liability	General Liability	Medical Malpractice	Workers' Compensation	Grand Total
2001-02	Amount Paid ^{3,4}	\$5,453,916	\$66,586,953	\$21,090,002	\$257,633,464	\$350,764,336
2002-03	Amount Paid	\$7,258,539	\$50,982,410	\$17,371,942	\$293,006,526	\$368,619,417
2003-04	Amount Paid	\$4,913,956	\$40,987,045	\$14,657,091	\$324,414,785	\$384,972,878

Notes:

1. Data does not include unemployment costs.
2. Data includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort claims.
3. Amount Paid is the total of the transactions paid by coverage code in the fiscal year, amount includes indemnity, legal fees and expenses, regardless of occurrence date. Does not include RBNP or IBNR reserves.
4. Workers' Compensation paid does not reflect salary continuation or Labor Code 4850 benefits.
5. Total Incurred is the sum of the amount paid and open reserves.

Exhibit B: County fiscal year comparison of total Risk Management Cost¹, regardless of date of occurrence, FY 2001-02 through FY 2003-04

**County of Los Angeles Total Risk Management Costs
FY 2001-02 through FY 2003-04**



Note:

Risk Management Cost is the total of: (1) Claims and premiums and (2) Other Costs, as stated in the Cost of Risk table. (Annual Report, Executive Summary Page 6).
Source: RMIS and GenComp

Exhibit C: County total all claim count and cost summary, FY 2001-02 through FY 2003-04

**Total All Claims Loss Summary Table
FY 2001-02 through FY 2003-04**

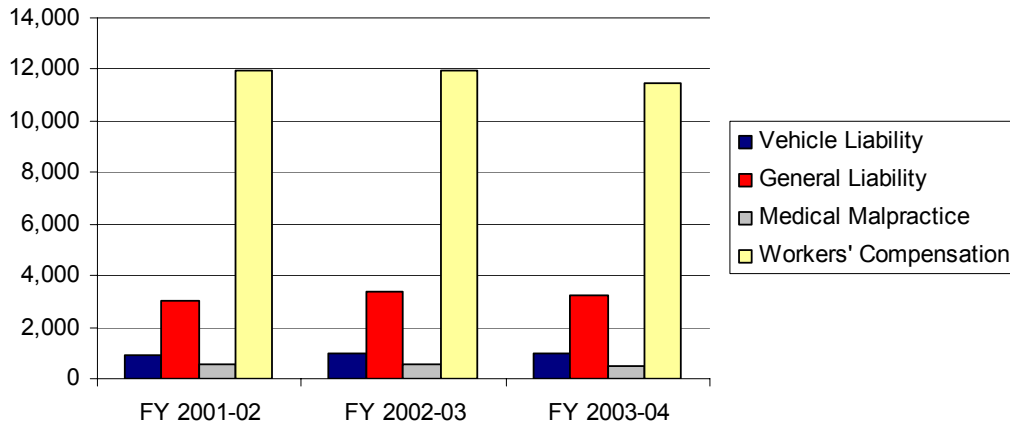
DEPARTMENT NAME	FY 2001-02		FY 2002-03		FY 2003-04	
	# Claims	Amount Paid ^{1,2,3}	# Claims	Amount Paid	# Claims	Amount Paid
CHIEF ADMINISTRATIVE OFFICE	22	\$196,772	14	\$1,108,030	12	\$1,034,959
AFFIRMATIVE ACTION	1	\$677	4	\$11,531	7	\$1,854
AGRICULTURAL COMMISSIONER/WEIGHTS AND MEASURES	74	\$685,586	61	\$1,278,685	97	\$939,319
ALTERNATE PUBLIC DEFENDER	8	\$64,622	5	\$112,381	6	\$113,688
ANIMAL CARE AND CONTROL	124	\$823,190	104	\$405,858	109	\$693,400
ASSESSOR	71	\$1,150,297	58	\$1,306,473	52	\$1,732,865
AUDITOR-CONTROLLER	20	\$233,265	48	\$609,132	91	\$558,234
BEACHES AND HARBORS	41	\$453,987	39	\$481,650	42	\$766,233
BOARD OF SUPERVISORS	30	\$1,050,616	47	\$3,278,806	39	\$598,999
CHIEF INFORMATION OFFICE	0	\$0	0	\$0	2	\$6,117
CHILD SUPPORT SERVICES	118	\$1,956,924	156	\$3,122,112	165	\$3,772,598
CHILDREN AND FAMILY SERVICES	925	\$17,969,376	769	\$20,075,529	633	\$21,290,777
COMMUNITY AND SENIOR SERVICES	30	\$598,081	24	\$873,535	26	\$814,911
CONSUMER AFFAIRS	7	\$124,353	3	\$42,147	8	\$33,268
CORONER	54	\$522,597	49	\$557,202	44	\$1,035,723
COUNTY COUNSEL	374	\$346,783	271	\$1,042,352	22	\$1,639,994
DISTRICT ATTORNEY	210	\$5,672,813	202	\$7,173,170	138	\$6,217,796
FIRE	1,687	\$27,897,148	1,738	\$33,075,001	1,643	\$34,818,749
HEALTH SERVICES	2,700	\$81,653,311	2,522	\$74,281,811	2,263	\$77,475,900
HUMAN RELATIONS COMMISSION	1	\$5,489	1	\$794	1	\$2,131
HUMAN RESOURCES	28	\$2,714,751	158	\$4,733,035	157	\$5,456,533
INTERNAL SERVICES	174	\$4,310,595	256	\$6,498,963	246	\$6,295,703
LACERA	4	\$349,284	9	\$281,861	14	\$362,922
MENTAL HEALTH	168	\$3,616,469	259	\$4,070,747	180	\$5,501,444
MILITARY AND VETERANS AFFAIRS	1	\$97,405	1	\$23,013	4	\$58,974
MUNICIPAL COURTS	1	\$73,009	1	\$25,620	1	\$4,473
MUSEUM OF ART	11	\$112,607	12	\$230,861	8	\$213,594
MUSEUM OF NATURAL HISTORY	5	\$119,661	5	\$79,726	12	\$96,433
NON-JURISDICTIONAL	98	\$782,001	213	\$236,288	360	\$179,130
PARKS AND RECREATION	303	\$3,530,502	339	\$3,776,807	275	\$4,155,804
PENDING ASSIGNMENT	20	\$26,715	17	\$32,645	21	\$56,544
PROBATION	813	\$18,130,051	766	\$20,397,801	842	\$23,280,618
PUBLIC DEFENDER	54	\$1,445,142	62	\$1,632,595	76	\$1,109,722
PUBLIC LIBRARY	51	\$866,041	64	\$852,008	49	\$813,725
PUBLIC SOCIAL SERVICES	1,099	\$26,841,463	1,152	\$28,478,524	1,021	\$34,669,273
PUBLIC WORKS	1,126	\$11,229,974	1,352	\$14,839,116	1,157	\$10,555,021
REGIONAL PLANNING	3	\$147,324	9	\$58,077	9	\$142,892
REGISTRAR-RECORDER/COUNTY CLERK	74	\$1,229,904	90	\$1,311,167	88	\$1,514,112
SHERIFF	5,533	\$124,774,532	5,597	\$119,750,332	5,850	\$123,740,151
SUPERIOR COURT	383	\$8,399,980	353	\$11,581,135	343	\$12,457,531
TREASURER AND TAX COLLECTOR	39	\$561,035	39	\$892,899	45	\$760,761
Total	16,485	\$350,764,336	16,869	\$368,619,417	16,158	\$384,972,878

Notes:

1. Amount Paid is the total of the transactions paid by coverage code in the fiscal year plus amounts paid for workers' compensation from the Workers' Compensation Trust Fund report. Amount Paid includes indemnity, legal fees and expenses. Does not include RBNP or IBNR reserves. Workers' Compensation paid does not reflect salary continuation or Labor Code 4850 benefits. Data do not include unemployment costs, regardless of occurrence date.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort files. County Counsel expenditures are included.
3. Amounts valued as of June 30, 2004, as reported in RMIS and GenComp.

Exhibit D: County fiscal year comparison of claims filed by type, FY 2001-02 through FY 2003-04

**Total Number of Claims Filed
FY 2001-02 through FY 2003-04**



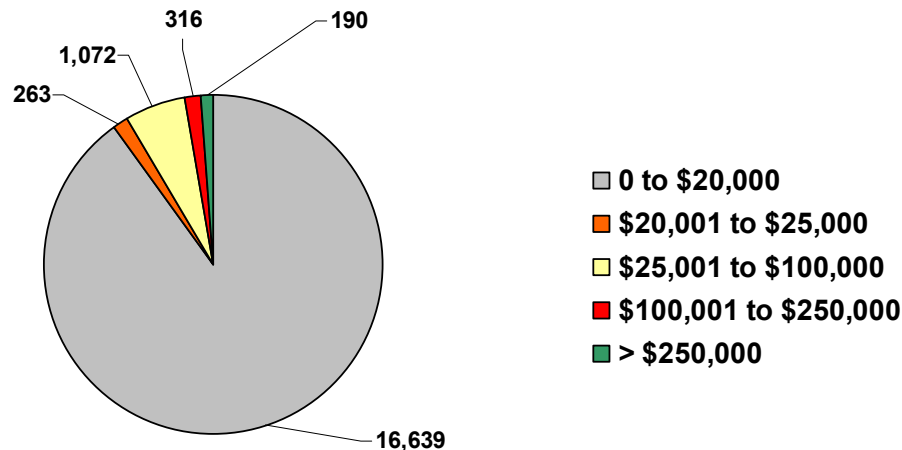
Claim Type ^{1,2}	FY 2001-02	FY 2002-03	FY 2003-04
Vehicle Liability	915	983	951
General Liability	3,051	3,367	3,214
Medical Malpractice	593	587	503
Workers' Compensation	11,926	11,932	11,490
Grand Total	16,485	16,869	16,158

Notes:

1. Total number of open claims by fiscal year regardless of date of occurrence. Reported by RMIS and GenComp.
2. Includes County Counsel tort claims, but does not include non-County agencies, i.e. MTA, Foothill Transit, etc..

Exhibit E: Total tort liability claims and lawsuits paid by cost range FY 1999-00 through FY 2003-04

**Total Claims and Lawsuits Paid by Cost Range
(FY 1999-00 to FY 2003-04)**



Source: RMIS, generated 1/31/05: AL, GL, MM claims; Cases (lawsuits & claims) closed and paid, amount includes indemnity, legal fees and expenses regardless of date of occurrence. Figures exclude MTA, Metrolink, Children Service dependency cases and Probate funding accounts.

Exhibit F: County fiscal year comparison of vehicle liability claims and cost, FY 2001-02 through FY 2003-04

Vehicle Liability Loss Summary FY 2001-02 through FY 2003-04

Department	FY 2001-02		FY 2002-03		FY 2003-04	
	# Claims	Amount Paid ^{1,2,3}	# Claims	Amount Paid	# Claims	Amount Paid
CHIEF ADMINISTRATIVE OFFICE	3	\$90	2	\$2,989	1	\$234
AFFIRMATIVE ACTION	0	\$0	0	\$0	0	\$0
AGRICULTURAL COMMISSIONER/WEIGHTS AND MEASURES	13	\$12,315	15	\$14,726	17	\$16,419
ALTERNATE PUBLIC DEFENDER	1	\$60	1	\$35	1	\$2,392
ANIMAL CARE AND CONTROL	12	\$18,875	7	\$15,099	20	\$52,010
ASSESSOR	10	\$20,073	6	\$1,513	6	\$23,037
AUDITOR-CONTROLLER	0	\$0	0	\$0	0	\$0
BEACHES AND HARBORS	8	\$8,278	5	\$20,266	1	\$490
BOARD OF SUPERVISORS	6	\$21,013	9	\$8,233	6	\$4,059
CHIEF INFORMATION OFFICE	0	\$0	0	\$0	0	\$0
CHILD SUPPORT SERVICES	5	\$102	4	\$12,530	0	\$0
CHILDREN AND FAMILY SERVICES	81	\$868,413	62	\$298,587	57	\$268,194
COMMUNITY AND SENIOR SERVICES	0	\$0	0	\$0	4	\$721
CONSUMER AFFAIRS	0	\$0	0	\$0	0	\$0
CORONER	1	\$646	1	\$1,111	3	\$10,861
COUNTY COUNSEL	2	\$1,063	1	\$678	0	\$0
DISTRICT ATTORNEY	19	\$139,220	24	\$138,510	6	\$127,227
FIRE	102	\$430,526	122	\$467,476	107	\$542,190
HEALTH SERVICES	33	\$391,658	31	\$399,989	36	\$1,146,091
HUMAN RESOURCES	10	\$23,867	3	\$17,456	7	\$60,549
INTERNAL SERVICES	25	\$132,373	44	\$81,951	46	\$112,752
LACERA	0	\$0	0	\$0	0	\$0
MENTAL HEALTH	12	\$18,114	13	\$19,425	9	\$21,711
MILITARY AND VETERANS AFFAIRS	0	\$0	0	\$0	0	\$0
MUNICIPAL COURTS	0	\$0	0	\$0	0	\$0
MUSEUM OF ART	1	\$852	0	\$0	0	\$0
MUSEUM OF NATURAL HISTORY	1	\$72	0	\$0	0	\$0
NON-JURISDICTIONAL	40	\$28,229	52	\$14,958	75	\$12,793
PARKS AND RECREATION-NOC	20	\$388,895	24	\$29,617	23	\$79,956
PENDING ASSIGNMENT	8	\$11,617	11	\$1,247	8	\$400
PROBATION	26	\$132,703	21	\$116,541	18	\$65,002
PUBLIC DEFENDER	1	\$90	2	\$5,000	2	\$1,994
PUBLIC LIBRARY	2	\$4,823	1	\$705	1	\$685
PUBLIC SOCIAL SERVICES	10	\$106,399	20	\$103,664	20	\$143,363
PUBLIC WORKS	92	\$616,188	109	\$344,273	102	\$232,447
REGIONAL PLANNING	0	\$0	0	\$0	1	\$3,253
REGISTRAR-RECORDER/COUNTY CLERK	5	\$31,062	4	\$2,993	3	\$6,222
SHERIFF	365	\$2,044,987	389	\$5,138,966	371	\$1,978,905
SUPERIOR COURT	1	\$1,314	0	\$0	0	\$0
TREASURER AND TAX COLLECTOR	0	\$0	0	\$0	0	\$0
Total	915	\$5,453,916	983	\$7,258,539	951	\$4,913,956

Notes:

1. Amount Paid is the total of the transactions paid vehicle liability claims and lawsuits in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort files.
3. Amounts do not include non-insured and non-third party vehicle losses which are directly paid by the departments. Amounts valued as of June 30, 2004, as reported in RMIS.

Exhibit G: County fiscal year comparison of general liability claims and cost, FY 2001-02 through FY 2003-04

General Liability Loss Summary FY 2001-02 through FY 2003-04

Department	FY 2001-02		FY 2002-03		FY 2003-04	
	# Claims	Amount Paid ^{1,2,3}	# Claims	Amount Paid	# Claims	Amount Paid
CHIEF ADMINISTRATIVE OFFICE	8	\$13,893	6	\$510,142	3	\$498,098
AFFIRMATIVE ACTION	0	\$0	3	\$9,420	1	\$146
AGRICULTURAL COMMISSIONER/WEIGHTS AND MEASURES	20	\$12,905	14	\$20,263	41	\$4,701
ALTERNATE PUBLIC DEFENDER	4	\$17,298	2	\$29,050	3	\$22,629
ANIMAL CARE AND CONTROL	12	\$20,391	13	\$36,705	4	\$37,101
ASSESSOR	5	\$71,705	7	\$17,027	6	\$6,707
AUDITOR-CONTROLLER	5	\$16,886	31	\$132,785	75	\$70,198
BEACHES AND HARBORS	12	\$221,119	13	\$96,210	17	\$218,418
BOARD OF SUPERVISORS	14	\$844,239	25	\$2,939,737	21	\$313,143
CHIEF INFORMATION OFFICE	0	\$0	0	\$0	1	\$1,761
CHILD SUPPORT SERVICES	8	\$87,858	23	\$228,423	41	\$351,541
CHILDREN AND FAMILY SERVICES	211	\$4,372,693	141	\$3,178,171	156	\$3,794,360
COMMUNITY AND SENIOR SERVICES	8	\$138,232	5	\$190,511	7	\$63,634
CONSUMER AFFAIRS	1	\$81,057	1	\$76	1	\$1,515
CORONER	2	\$143,574	2	\$14,023	2	\$10,335
COUNTY COUNSEL	365	\$131,489	252	\$673,696	11	\$1,054,012
DISTRICT ATTORNEY	100	\$1,009,664	68	\$688,233	46	\$572,068
FIRE	46	\$958,922	57	\$480,575	103	\$383,816
HEALTH SERVICES	216	\$6,501,972	218	\$4,778,925	164	\$3,790,647
HUMAN RESOURCES	14	\$238,128	11	\$1,328,807	5	\$1,332,439
INTERNAL SERVICES	16	\$268,336	24	\$174,364	36	\$340,327
LACERA	0	\$0	0	\$0	0	\$0
MENTAL HEALTH	20	\$432,846	27	\$555,559	17	\$699,617
MILITARY AND VETERANS AFFAIRS	0	\$0	0	\$0	0	\$0
MUNICIPAL COURTS	1	\$73,009	1	\$25,620	1	\$4,473
MUSEUM OF ART	0	\$0	3	\$30,136	4	\$45,793
MUSEUM OF NATURAL HISTORY	1	\$3,682	1	\$19,842	6	\$2,637
NON-JURISDICTIONAL	58	\$753,773	131	\$209,070	271	\$165,471
PARKS AND RECREATION	62	\$261,819	80	\$270,497	63	\$512,345
PENDING ASSIGNMENT	12	\$15,098	6	\$31,397	13	\$56,144
PROBATION	50	\$950,960	62	\$1,128,199	44	\$1,436,347
PUBLIC DEFENDER	24	\$522,226	24	\$416,528	35	\$170,074
PUBLIC LIBRARY	5	\$361,575	3	\$14,942	5	\$15,043
PUBLIC SOCIAL SERVICES	29	\$502,682	39	\$231,071	39	\$562,237
PUBLIC WORKS	661	\$4,153,781	880	\$7,607,891	731	\$3,552,185
REGIONAL PLANNING	2	\$38,130	5	\$12,565	4	\$87,384
REGISTRAR-RECORDER/COUNTY CLERK	5	\$120,767	17	\$152,895	8	\$377,698
SHERIFF	1,012	\$42,973,538	1,157	\$24,478,707	1,210	\$20,338,002
SUPERIOR COURT	27	\$229,495	3	\$89,378	1	\$69,673
TREASURER AND TAX COLLECTOR	15	\$43,209	12	\$180,971	18	\$24,326
Total	3,051	\$66,586,953	3,367	\$50,982,410	3,214	\$40,987,045

Notes:

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year: amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort files.
3. Amounts valued as of June 30, 2004, as reported in RMIS.

Exhibit H: County fiscal year comparison of medical malpractice liability claims and cost, FY 2001-02 through FY 2003-04

**Medical Malpractice Loss Summary
FY 2001-02 through FY 2003-04**

Department	FY 2001-02		FY 2002-03		FY 2003-04	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid	# Claims	Amount Paid
ALTERNATE PUBLIC DEFENDER	1	\$72	0	\$0	0	\$0
CHILDREN AND FAMILY SERVICES	1	\$65	3	\$11,023	5	\$100,482
CORONER	20	\$3,691	7	\$46,620	11	\$63,295
COUNTY COUNSEL	1	\$130	1	\$75	0	\$0
DISTRICT ATTORNEY	0	\$65	0	\$0	0	\$0
FIRE	8	\$6,290	14	\$12,983	14	\$130,579
HEALTH SERVICES	467	\$20,270,831	428	\$15,713,133	335	\$13,081,374
HUMAN RESOURCES	1	\$29,303	1	\$28,159	1	\$23,058
MENTAL HEALTH	14	\$139,708	24	\$57,056	21	\$132,258
NON-JURISDICTIONAL	0	\$0	30	\$12,261	14	\$865
PROBATION	1	\$419	1	\$4,280	2	\$30,713
PUBLIC SOCIAL SERVICES	0	\$0	0	\$0	2	\$293
SHERIFF	79	\$639,429	78	\$1,486,352	98	\$1,094,173
Total	593	\$21,090,002	587	\$17,371,942	503	\$14,657,091

Notes:

1. Amount Paid is the total of the transactions paid for medical malpractice claims and lawsuits in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e. MTA, Foothill Transit, etc. This information does include County Counsel tort files. Amounts valued as of June 30, 2004, as reported in RMIS.

Exhibit I: County fiscal year comparison of workers' compensation claims and cost, FY 2001-02 through FY 2003-04

**Workers' Compensation Loss Summary
FY 2001-02 through FY 2003-04**

Department	FY 2001-02		FY 2002-03		FY 2003-04	
	# Claims	Amount Paid ^{1,2}	# Claims	Amount Paid	# Claims	Amount Paid
CHIEF ADMINISTRATIVE OFFICE	11	\$182,789	6	\$594,900	8	\$536,626
AFFIRMATIVE ACTION	1	\$677	1	\$2,110	6	\$1,708
AGRICULTURAL COMMISSIONER/WEIGHTS AND MEASURES	41	\$660,366	32	\$1,243,696	39	\$918,199
ALTERNATE PUBLIC DEFENDER	2	\$47,192	2	\$83,295	2	\$88,668
ANIMAL CARE AND CONTROL	100	\$783,924	84	\$354,054	85	\$604,289
ASSESSOR	56	\$1,058,519	45	\$1,287,933	40	\$1,703,121
AUDITOR-CONTROLLER	15	\$216,379	17	\$476,347	16	\$488,036
BEACHES AND HARBORS	21	\$224,590	21	\$365,174	24	\$547,325
BOARD OF SUPERVISORS	10	\$185,364	13	\$330,836	12	\$281,797
CHIEF INFORMATION OFFICE	0	\$0	0	\$0	1	\$4,356
CHILD SUPPORT SERVICES	105	\$1,868,964	129	\$2,881,158	124	\$3,421,056
CHILDREN AND FAMILY SERVICES	632	\$12,728,206	563	\$16,587,748	415	\$17,127,741
COMMUNITY AND SENIOR SERVICES	22	\$459,849	19	\$683,024	15	\$750,557
CONSUMER AFFAIRS	6	\$43,296	2	\$42,071	7	\$31,754
CORONER	31	\$374,686	39	\$495,448	28	\$951,232
COUNTY COUNSEL-NOC	6	\$214,102	17	\$367,903	11	\$585,982
DISTRICT ATTORNEY-ATTORNEYS	91	\$4,523,864	110	\$6,346,427	86	\$5,518,501
FIRE	1,531	\$26,501,410	1,545	\$32,113,966	1,419	\$33,762,165
HEALTH SERVICES	1,984	\$54,488,850	1,845	\$53,389,766	1,728	\$59,457,787
HUMAN RELATIONS COMMISSION	1	\$5,489	1	\$794	1	\$2,131
HUMAN RESOURCES	3	\$2,423,454	143	\$3,358,613	144	\$4,040,487
INTERNAL SERVICES	133	\$3,909,886	188	\$6,242,648	164	\$5,842,625
LACERA	4	\$349,284	9	\$281,861	14	\$362,922
MENTAL HEALTH	122	\$3,025,800	195	\$3,438,707	133	\$4,647,858
MILITARY AND VETERANS AFFAIRS	1	\$97,405	1	\$23,013	4	\$58,974
MUNICIPAL COURTS	0	\$0	0	\$0	0	\$0
MUSEUM OF ART	10	\$111,755	9	\$200,725	4	\$167,801
MUSEUM OF NATURAL HISTORY	3	\$115,907	4	\$59,884	6	\$93,797
NON-JURISDICTIONAL	0	\$0	0	\$0	0	\$0
PARKS AND RECREATION	221	\$2,879,788	235	\$3,476,693	189	\$3,563,503
PENDING ASSIGNMENT	0	\$0	0	\$0	0	\$0
PROBATION	736	\$17,045,969	682	\$19,148,780	778	\$21,748,555
PUBLIC DEFENDER	29	\$922,826	36	\$1,211,067	39	\$937,655
PUBLIC LIBRARY	44	\$499,644	60	\$836,362	43	\$797,998
PUBLIC SOCIAL SERVICES	1,060	\$26,232,382	1,093	\$28,143,789	960	\$33,963,379
PUBLIC WORKS	373	\$6,460,004	363	\$6,886,951	324	\$6,770,390
REGIONAL PLANNING	1	\$109,194	4	\$45,512	4	\$52,255
REGISTRAR-RECORDER/COUNTY CLERK	64	\$1,078,074	69	\$1,155,278	77	\$1,130,192
SHERIFF	4,077	\$79,116,579	3,973	\$88,646,307	4,171	\$100,329,071
SUPERIOR COURT	355	\$8,169,171	350	\$11,491,756	342	\$12,387,858
TREASURER AND TAX COLLECTOR	24	\$517,826	27	\$711,927	27	\$736,435
Total	11,926	\$257,633,464	11,932	\$293,006,526	11,490	\$324,414,785

Notes:

1. Amount Paid is the total of the transactions paid for workers' compensation in the fiscal year; amount includes indemnity, legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves. Workers' Compensation paid does not include salary continuation or Labor Code 4850 benefits.
2. Data file "wc cost by dept riskmgt trend analysis ar.xls". Amounts valued as of June 30, 2004, as reported in GenComp.